

Senate File 347 - Introduced

SENATE FILE _____
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1065)
(COMPANION TO HF 500 BY
COMMITTEE ON COMMERCE)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the authority of creditors and credit unions
2 in consumer credit or credit union transactions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1693SV 82
5 rn/gg/14

PAG LIN

1 1 Section 1. Section 533.4, Code 2007, is amended by adding
1 2 the following new subsections:
1 3 NEW SUBSECTION. 29. Sell, to persons in the field of
1 4 membership, negotiable checks, including traveler's checks;
1 5 money orders; and other similar money transfer instruments
1 6 including international and domestic electronic fund
1 7 transfers.
1 8 NEW SUBSECTION. 30. Cash checks and money orders, and
1 9 receive international and domestic electronic fund transfers,
1 10 for persons in the field of membership.
1 11 Sec. 2. Section 537.2501, subsection 1, Code 2007, is
1 12 amended by adding the following new paragraph:
1 13 NEW PARAGRAPH. j. For a consumer loan where the amount
1 14 financed does not exceed three thousand dollars and the term
1 15 of the loan does not exceed twelve months, a bank, savings
1 16 bank, savings and loan association, or credit union
1 17 incorporated pursuant to state or federal law may charge an
1 18 additional application fee not to exceed the lesser of ten
1 19 percent of the amount financed or thirty dollars. If the loan
1 20 is not approved, the application fee shall not exceed the
1 21 lesser of ten percent of the amount applied for by the
1 22 applicant or thirty dollars. The fee permitted pursuant to
1 23 this paragraph shall not be charged in connection with a loan
1 24 used for the purchase of a motor vehicle, or for a loan where
1 25 the borrower's dwelling is used as security.

EXPLANATION

1 27 This bill provides that a bank, savings bank, savings and
1 28 loan association, or credit union incorporated pursuant to
1 29 state or federal law can charge an additional application fee
1 30 not to exceed the lesser of 10 percent of the amount financed
1 31 or \$30 in the event of an approved application. In the event
1 32 an application is denied, the bill provides that an additional
1 33 application fee not to exceed the lesser of 10 percent of the
1 34 amount applied for by the applicant, or \$30, may be charged.
1 35 The additional application fees are not applicable for loans
2 1 for the purchase of a motor vehicle or loans where the
2 2 borrower's dwelling is used as security.
2 3 The bill also expands the list of powers specified in Code
2 4 section 533.4 applicable to credit unions. The bill provides
2 5 that a credit union may sell to persons in the field of
2 6 membership negotiable checks, including traveler's checks;
2 7 money orders; and other similar money transfer instruments
2 8 including international and domestic electronic fund
2 9 transfers. A credit union is also authorized to cash checks
2 10 and money orders, and to receive international and domestic
2 11 electronic fund transfers, for persons in the field of
2 12 membership.
2 13 LSB 1693SV 82
2 14 rn:rj/gg/14